

properties and of those of leasehold tenure (to which I now proceed), and whether for mortgage or purchase, if the intending lender (or investor) find on inspection that waste lands or fields, or old mansions with extensive grounds, exist in the close neighbourhood, the fact is frequently suggestive that the advance or investment should be avoided. For these spaces may (and probably will) be covered in time by the erection of small dwellings, and thus reduce the-value of the superior property on which he has lent. A similar remark applies with especial force to any contemplated purchase of property.

If the security be *leasehold* certain additional rules apply, such as—

(1) The relation of the ground-rent (paid to the freeholder) to the rack-rent (or the full rent at which the premises can be

to a solvent tenant upon a repairing lease): if the rack-rent be £40 the ground-rent should generally not exceed £5 or £6 a year. This relation naturally varies with the situation of the property: thus in the centre of the City of London the rack-rent will often be double only of the ground-rent. I am referring above to advances made upon houses in the suburbs of London.

(2) As a rule, for premises of the nature I am describing, the unexpired term of the lease should not be less than sixty or seventy years.

(3) The character here of the holder from the ground land lord is the more important seeing that the lease may be voided by an infraction of the conditions.

(4) The solicitor employed should also report upon the covenants of the lease, and whether they are of the customary character or unusually stringent.

\*(5) The margin will not be less generally than one-third of the selling value, that is to say, if the property be valued at £300 the advance should be restricted to £200.

(6) Assuming the security to be a sound one in all respects, the loan may still be properly made (notwithstanding the fact

that the value is annually diminishing by mere effluxion of time), for a period of five or seven years, for the reason I have assigned, but upon the appended condition : the valuer, besides expressing the market value for sale at the present time, should